



BOB TAFT
GOVERNOR
STATE OF OHIO

January 5, 2005

Dear Conforming States and Streamline Sales Tax Project Representatives:

Ohio has been actively involved, and desires to continue to be actively engaged, with the Streamlined Sales Tax Project (SSTP). We believe that there are long-term mutual benefits of having a more uniform sales/use tax system for the participating states and the vast majority of retailers across the country. We also recognize that some of the changes required by the Streamlined Sales Tax Agreement can present challenges to all parties involved. One such challenge here in Ohio is the impact the change to destination-based sourcing has on small businesses (both in our state and nationally).

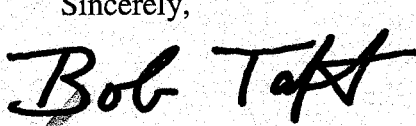
As you may be aware, the current statute in Ohio provides Ohio retailers the option to move from origination-based sourcing to destination-based sourcing between January 1 and June 30, 2005. Destination-based sourcing becomes mandatory for all retailers on July 1, 2005.

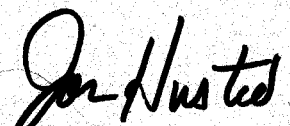
We are united in our desire to ensure as smooth of a transition as possible for Ohio retailers and would therefore request your consideration of an amendment that would provide relief for small businesses. This relief could take the form of a longer transition period or a permanent *de minimis* exemption for small retailers. Such a modification of the Agreement would be very welcome by Ohio's small business community and would help to ensure Ohio's continued full participation in the SSTP.

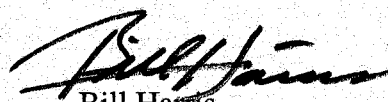
Such a change may also help some other states. As you are aware, Ohio is not the only state with multiple local sales tax rates. The difficulties and controversy that Ohio has encountered in adopting destination sourcing have been experienced by other states, e.g. Utah delayed its change to destination sourcing soon after Ohio enacted its delay. As a result, a reasonable modification of the Agreement's destination sourcing requirements would be conducive to other states' efforts to come into compliance.

We share the Project's goals of increased uniformity and simplicity and believe that this modification would reduce the impediments experienced by a number of other states. We thank you for your consideration.

Sincerely,


Bob Taft
Governor


Jon Husted
Speaker of the House


Bill Harris
Senate President